

# Influence of Strategic Leadership on Organizational Performance in Charitable NGOs in Nairobi County

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## ABSTRACT

This paper sought to examine the influence of strategic leadership on the organizational performance of charitable NGOs in Nairobi County. The study applied a descriptive research design. The population for the study was 1427 employees of charitable NGOs in Nairobi County. Stratified random sampling was applied in addition to the Taro Yamane formula to come up with a sample size of 313 respondents. The study gathered data through questionnaires which were administered both physically and online. Data collected was analyzed through both descriptive and inferential analysis. Results revealed a  $\beta$  of 0.269 and a p-value of 0.001, between strategic leadership and the organizational performance of charitable NGOs in Nairobi County. The study concluded that strategic leadership had a positive and significant influence on the organizational performance of charitable NGOs in Nairobi County. The study recommended developing clear mission and vision statements to guide organizations' activities effectively. Additionally, the study recommended that charitable NGOs should promote ethical conduct at all levels, with strategic leaders serving as exemplars of integrity and accountability. Lastly, the study also recommended that charitable NGOs should invest in decision-making skills and regularly monitor performance to further enhance organizational effectiveness.

**Key Words:** Strategic Leadership, Organizational Performance, Charitable NGOs, Nairobi County

## INTRODUCTION

Strategic leadership is very critical for the operation of NGOs as it enables them to adjust their operations to meet market needs. The need for strategic leadership in NGOs is driven by the volatility and uncertainty of the current market environment (Thairu, 2020). Organizations need to have strategic leaders who can identify transformative solutions that enable their organizations to navigate through the turbulent global environment. The leaders are critical in ensuring that organizations are appealing and can achieve a positive outcome in the highly changing competitive environment (Odhiambo & Njuguna, 2021). Senior managers in an organization have a huge role to play in offering the right strategic leadership that is effective in steering the firm toward better performance. Strategic leadership enables managers to set the right example and set the tone for all the other employees, thus contributing towards sustainable organizational growth (Cherotich, 2022).

Strategic leadership ensures that organizations can understand their critical strengths and focus on these strengths for growth. Besides, strategic leadership ensures that the organization's leadership can get the best of people, leading to a competitive advantage in a firm (Mailu & Kariuki, 2022). Strategic leadership is not always straightforward therefore organizations may need to choose among a variety of leadership styles available. Lack of good strategic leadership in an organization may cause serious challenges to a firm. For instance, a lack of strategic leadership may cause an organization to go off-track in its mission and vision.

Globally NGOs employ strategic leadership to create the right strategic direction for their employees and other stakeholders. For instance, financial service associations have leveraged strategic leadership to set goals that enable them to meet their goals. The use of strategic leadership ensures that FSAs can create clear plans and operate within the law (Park & Kim, 2020). In the UK, the use of strategic leadership helps community-based

organizations to achieve a healthy balance between growth and meeting societal expectations (Sandhu et al., 2022). In Africa, NGOs have helped the local communities to live a dignified life through the provision of services that would otherwise be impossible. For instance, the NGOs in Nigeria have played a crucial role in the provision of education and healthcare in marginalized communities (Girei, 2023). In Tanzania, NGOs have played a significant role in ensuring equality and addressing gender-based inequality thus promoting sustainable development in the country (Dupuy, Fransen, & Prakash, 2021).

NGOs in Kenya, and specifically in Nairobi County play a huge role in alleviating poverty in the slums and low-income areas. These NGOs are actively involved in the provision of basic items such as sanitary pads, school feeding programs, provisions of learning materials, and community empowerment programs (Odhiambo & Njuguna, 2021). These organizations have continued to help the underprivileged people in society and help them live dignified lives. The NGOs have also played a huge role in addressing social issues such as crime, inequality, and drug abuse through community forums (Mutole, 2019). These organizations have been at the forefront of delivering social services to the local communities where the County government and the national government may have failed (Munene & Nyaga, 2021). The NGOs in Kenya have witnessed tremendous growth in the last few years with the numbers growing fifteen-fold between the 1990s and 2008 (Ogal & Omanyoo, 2018).

However, the lack of strategic leadership in the NGOs has led to some serious challenges affecting their ability to meet their original mandate. For instance, there have been concerns about whether these organizations are serving the needs of the local people or not. In some cases, the NGOs have been accused of funding political campaigns and engaging in partisan campaigns during elections (Kitonga, Bichanga, & Muema, 2016). Lack of strategic leadership has also led to the collapse of some NGOs, thus affecting the people who directly benefited from them. Lack of strategic leadership in NGOs has also led to diversion of funds in some instances thus affecting the performances of these organizations (Gathenya, 2023). As such, the greatest challenge in NGOs is lack of strategic leadership which in turn affects their performance. To oversee the design and execution of strategic leadership, NGOs in Kenya, and more especially those operating in Nairobi County, need to analyze the influence of leadership styles on their performance. This study seeks to understand how NGOs can leverage strategic leadership to improve their performance and contribute positively towards sustainable economic development.

## LITERATURE REVIEW AND THEORY

### Strategic Leadership Theory

Strategic leadership emerged from the upper echelons theory, pioneered by Hambrick and Mason in the 1980s. This theory delves into the significance of dominant coalitions and their influence on organizational performance. It highlights how the social dynamics of top executives shape the growth of the organization. Unlike traditional leadership, which encompasses leaders across all levels, strategic leadership specifically centers on those at the pinnacle of the organization. While conventional leadership concerns itself with leader-follower dynamics, strategic leadership examines how dominant coalitions within the organization shape strategic decision-making processes (Cortes & Herrmann, 2021).

In strategic leadership, it is important to consider the effectiveness of the top managers on the middle-level managers and the organizational employees (Schaedler, Graf-Vlachy, & König, 2022). Effective strategic leadership revolves around the congruence between the short-term and the long-term. Effective strategic leadership is also focused on enhancing the long-term viability of the form while at the same time ensuring that the form can achieve its short-term financial stability. Strategic leadership entails a change of vision with a sustainable capacity for change implementation. As such, Strategic leaders understand the complexity of change in enabling an organization to achieve its goals (Kurzahls, et al., 2020).

Understanding the role of strategic leadership in the performance of NGOs in Nairobi County requires an appreciation of how leadership affects the organization's performance. Strategic leadership theory identifies the organization as a complex system whereby strategic leaders provide the balance between stability and disorder (Ali & Anwar, 2021). Importantly, strategic leadership helps an organization to exploit its capabilities while at the same time identifying new competencies. These new competencies enable an organization to take advantage of new opportunities thus ensuring that an organization can sustain its growth. The use of strategic leadership

theory will support the influence of strategic leadership in setting the right strategic directions, its importance in articulating missions and visions, and its impacts on performance.

### **Empirical Literature Review**

Kitonga, Bichanga, and Muema (2016) conducted a study examining how strategic direction impacts organizational performance, utilizing mixed research methods to analyze the influence of strategic leadership factors. Focusing on 328 NGOs in Nairobi County, the research revealed a significant correlation between strategic direction and the performance of these organizations. It emphasized the importance for NGOs to enhance their performance by establishing a clear strategic direction, with strategic leadership playing a crucial role in shaping this direction. Nonetheless, the study overlooked charitable NGOs, leaving room for further investigation to address this gap.

Odhiambo and Njuguna (2021) explored how strategic management practices influence the effectiveness of healthcare-focused NGOs. Their study drew from Ansoff's strategic success theory and stakeholder theory, employing a positivist research philosophy and a descriptive research design. Focusing on 98 health NGOs in Nairobi County, they utilized a stratified random sampling method to select 131 employees from these organizations. Their analysis utilized frequency tables, standard deviation, and means to present the descriptive findings. The outcomes highlighted the positive impact of strategic planning, evaluation, and monitoring on NGO performance. They emphasized the importance of strategic formulation and evaluation levels in maintaining an organization's strategic direction. The researchers recommended enhanced collaboration between healthcare NGOs and stakeholders in strategic planning and implementation. Notably, the study's scope was limited to charitable NGOs within the healthcare sector, potentially leaving gaps in understanding broader NGO contexts.

Kimani, (2022) researched how strategic leadership impacts the financial stability of non-governmental organizations (NGOs) in Kenya. Employing a thorough desktop literature review, the study focused on selecting pertinent seminal references and journal articles, all sourced from Google Scholar and restricted to works within the past decade. The investigation unveiled that effective strategic leadership demands adept management of both internal operations and external market dynamics, facilitating intricate information processing. Notably, strategic leadership empowers organizations to cultivate the necessary capabilities to navigate the ever-evolving and intricate external landscape. The study's findings underscored a positive correlation between strategic planning and performance levels within healthcare-focused NGOs. Nevertheless, it was noted that Kimani's exploration did not specifically address charitable NGOs in Nairobi County, thereby exposing contextual gaps in the research landscape.

Ogal and Omanyo (2018) researched to investigate how different leadership styles impact the execution of strategic plans within non-governmental organizations (NGOs). They employed a descriptive survey approach involving 10 Human Resource Managers and several financial officers from Kisumu County. The study utilized a saturated sampling method to select 80 participants who completed questionnaires. Data analysis involved assessing central tendencies through mean and median calculations. The results from this study showed that most of the NGOs leaders in Kisumu County lack the skills and abilities required for effective implementation of the organization strategies. The article recommends that NGO boards should adopt a leadership style that enables them to collaborate with employees and other partners in defining the strategic goals of the organization. The study by Ogal and Omanyo raises conceptual gaps because it was done on leadership styles and not strategic leadership, furthermore the study focused on the implementation of strategic plans as a dependent variable, and the current study focused on performance as a dependent variable.

Mutole (2019) sought to examine the influence of strategic leadership practice on the performance of NGOs in Kenya. The study used cross-sectional survey design whereby 26 NGOs operating in Nairobi were targeted. The study administered questionnaires whereby the drop-and-pick technique was used to collect data. Purposive sampling was used to identify the respondents thereafter SPSS statistics were used to analyze the data. The study noted that strategic leadership increases shareholder accountability, strategic direction, and delegation of performances of NGOs. The study encouraged that NGOs should encourage shareholder accountability through strategic leadership. The study was however not focused on charitable NGOs therefore raising contextual gap.

## DATA AND METHODS

This study applied a descriptive research design, to enable the researcher to answer questions on when? how? Which? When. Utilizing this approach enabled the researcher to investigate the influence of strategic leadership on the performance of charitable NGOs in Nairobi County. The study examined 213 NGOs in the county, with a total of 1427 employees as the units of observation. Employing the Taro Yamane formula, a sample size of 313 participants was determined for the study.

$$n = N / (1 + Ne^2) \dots\dots\dots \text{equation (i)}$$

$$n = 1427 / [1 + 1427(0.05^2)] = 313.$$

The study used a questionnaire to collect data through electronic and physical administration methods. Primary data gathered was analyzed through descriptive analysis (Mean, standard deviation, frequency, and percentages). Additionally, the study applied regression analysis to determine the influence of strategic controls on the organizational performance of charitable NGOs in Nairobi County.

$$Y = B_0 + B_1 + e \dots\dots\dots \text{equation (ii)}$$

Where Y was the organizational performance of charitable NGOs in Nairobi County, *B<sub>0</sub>* was the constant, *B<sub>1</sub>* was the coefficient for strategic leadership and *e* was the error term.

## RESULTS AND DISCUSSIONS

**Response Rate:** The study fully administered 313 questionnaires, the researcher was however able to get feedback from 266 questionnaires which represented an 84.98% response rate.

### Descriptive Statistics

#### Descriptive Statistics on Strategic Leadership

Table 1 revealed that respondents agreed that their strategic leaders clearly outlined the vision and mission of the company in a visionary way as indicated by a mean of 3.64. Respondents also agreed that their strategic leaders enhanced their organization's navigating through the changing landscape as indicated by a 3.79 mean. In addition, participants agreed that their strategic leaders could be emulated in ethical conduct as indicated by a mean of 3.83. Lastly, participants agreed that their leaders were good decision-makers during strategy implementation as indicated by a mean of 3.91.

Kimani (2022) agreed with the findings of the study exploring the impact of strategic leadership on the financial resilience of NGOs operating in Kenya. The study highlighted the necessity for strategic leaders to possess adeptness in navigating both internal operations and external market dynamics for effective decision-making. It emphasized that strategic leadership enables organizations to build the requisite capabilities to adapt to the ever-changing and intricate external landscape. Ultimately, the findings underscored a favorable correlation between strategic planning and performance levels within healthcare-oriented NGOs.

Table 1: Descriptive Statistics on Strategic Controls

	Our strategic leaders clearly outline the vision and mission of the company in a visionary way	Our strategic leaders enhance our organization's navigating through the changing landscape	Our strategic leaders can be emulated in ethical conduct	Our leaders are good decision-makers during strategy implementation
Mean	3.64	3.79	3.83	3.91
Std. Deviation	.991	1.021	0.904	1.036

	Frequency (%)	Frequency (%)	Frequency (%)	Frequency (%)
Strongly Disagree	10(3.8%)	11(4.1%)	3(1.1%)	11(4.1%)
Disagree	18(6.8%)	15(5.6%)	22(8.3%)	17(6.4%)
Neutral	23(8.6%)	33(12.4%)	29(10.9%)	30(11.3%)
Agree	139(52.3%)	118(44.4%)	139(52.3%)	120(45.1%)
Strongly agree	76(28.6%)	89(33.5%)	73(27.4%)	88(33.1%)
<b>Total</b>	<b>266</b>	<b>266</b>	<b>266</b>	<b>266</b>

### Descriptive Statistics on Organizational Performance

Table 2 revealed that respondents on average agreed that the amount of funding they had received from donors had been rising in the past five years indicated by a 3.87 mean. Additionally, participants agreed that in the past five years, they had managed to complete more projects than any other time before as indicated by a 4.01 mean. Moreover, participants agreed that the cost of obtaining finances from the donors had greatly reduced in the past five years (fund-raising efficiency) as indicated by a 4.10 mean. Lastly, participants agreed that they had been able to reach and serve more beneficiaries in the past five years indicated by a mean of 3.95.

Table 2: Descriptive Statistics on Organizational Performance

	The amount of funding we have received from donors has been rising in the past five years	In the past five years, we have managed to complete more projects than any other time before	The cost of obtaining finances from the donors has greatly reduced in the past five years (fund-raising efficiency)	We have been able to reach and serve more beneficiaries in the past five years
Mean	3.87	4.01	4.10	3.95
Std. Deviation	1.097	1.039	1.102	1.039
	<b>Frequency (%)</b>	<b>Frequency (%)</b>	<b>Frequency (%)</b>	<b>Frequency (%)</b>
Strongly disagree	4(1.5%)	9(3.4%)	7(2.6%)	13(4.9%)
Disagree	20(7.5%)	29(10.9%)	22(8.3%)	27(10.2%)
Neutral	35(13.2%)	46(17.3%)	48(18.0%)	33(12.4%)
Agree	126(47.4%)	98(36.8%)	100(37.6%)	119(44.7%)
Strongly agree	81(30.5%)	84(31.6%)	89(33.5%)	74(27.8%)
<b>Total</b>	<b>266</b>	<b>266</b>	<b>266</b>	<b>266</b>

### Regression Analysis

According to Table 3, 60.9% of the variations in the performance of charitable NGOs were explained by strategic leadership, as indicated by an r-square value of 0.609. The results also revealed an F-statistics value of 101.813, along with a p-value of 0.001, indicating that the simple linear regression model used in the study was highly

significant in predicting the performance of charitable NGOs. Furthermore, the results revealed a beta coefficient of 0.962 and a p-value of 0.001 which indicates that the constant in the model was statistically significant in the prediction of the performance of financial firms. Additionally, the results established a beta value of 0.269 with a p-value of 0.001 highlighting the significant influence of strategic leadership on NGO performance, aligning with prior research by Odhiambo and Njuguna (2021) on strategic management practices in the healthcare NGO sector. The study using Ansoff's strategic success theory the stakeholder's theory and the positivism research philosophy with a descriptive research design showed that strategic planning, evaluation, and monitoring had a positive impact on the performance of NGOs. The results also noted that strategic formulation and the level of strategic evaluation are critical in ensuring that an organization's strategic direction is maintained. The authors recommended the need for NGOs in the healthcare sector to improve their collaborations with stakeholders in strategic planning and implementation.

Table 3: Regression Analysis

Model Summary						
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate		
1	.781a	.609	.603	.54688		
ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	121.798	4	30.450	101.813	.000 <sup>b</sup>
	Residual	78.058	261	.299		
	<b>Total</b>	199.857	265			
Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.962	.218		4.406	.000
	Strategic Controls	.269	.050	.338	5.404	.000

a. Dependent Variable: Performance of charitable NGO

b. Predictors: (Constant), Strategic Leadership

## CONCLUSIONS AND RECOMMENDATIONS

The study concluded that charitable Non-governmental organizations' strategic leaders clearly outlined the vision and mission of the company in a visionary way. Besides, the study concluded that charitable NGOs' strategic leaders enhanced their organization's navigating through the changing landscape. Additionally, the study concluded that charitable NGOs' strategic leaders could be emulated in ethical conduct. Moreover, the study concluded that charitable NGOs leaders were good decision-makers during strategy implementation. Lastly, the study concluded that the organizational performance of charitable NGOs was significantly and positively affected by strategic leadership.

The conclusions, therefore, support the Strategic leadership theory which explored the importance of dominant coalitions and the impact of these coalitions on the performance. The theory also explained that the social constructs of the top executive in the organization play a crucial role in determining organizational growth. While leadership only focuses on the relationship between leaders and followers, strategic leadership focuses on the impact of dominant coalitions in the strategic processes. The theory also explains that effective strategic leadership is focused on enhancing the long-term viability of the firm while at the same time ensuring that the firm can achieve its short-term financial stability.

The study recommended that charitable NGOs should focus on developing clear and visionary mission and vision statements to guide their activities effectively. Additionally, the study recommended that charitable NGOs should promote ethical conduct at all levels, with strategic leaders serving as exemplars of integrity and accountability. Moreover, the study also recommended that charitable NGOs should invest in decision-making skills and regularly monitor performance to further enhance organizational effectiveness. Lastly, it is recommended to foster collaborative leadership approaches to leverage diverse perspectives and expertise to address complex challenges and maximize impact within the communities served by charitable NGOs.

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